

ONE HUNDRED FOURTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115
Majority (202) 225-2927
Minority (202) 225-3641

April 01, 2016

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

In the Telecommunications Act of 1996, Congress directed the Federal Communications Commission ("FCC") to cultivate a competitive marketplace for unaffiliated set-top boxes in 1996 by adopting Section 629 of the Communications Act. Yet, 99 percent of households still rent these boxes from their video provider. In the STELA Reauthorization Act of 2014, Congress removed the integration ban, which had prohibited cable operators from deploying navigation devices (e.g., set-top boxes) that perform both conditional access and other functions in a single integrated device. Instead, the FCC was directed to convene a working group of technical experts to determine whether a downloadable security system was technically feasible.

In February 2016, the FCC issued a Notice of Proposed Rulemaking ("NPRM") to seek comment on numerous changes to existing set-top box rules, based loosely on the report from the working group. The changes are intended to make it easier for third parties to build and sell set-top boxes that can access pay-TV content. In other words, the FCC's proposal would allow customers to access their programming subscriptions through devices other than those they currently lease directly from their cable provider.

We are concerned that the agency's efforts do not include a meaningful assessment of the effects on independent and diverse networks, whose business models may be greatly threatened and undermined by the FCC's proposed rules. The FCC must proceed with a better understanding of how their proposed rules could limit diversity and inclusion on our nation's shared media platforms.

As such, we are requesting that the U.S. Government Accountability Office (GAO) examine the impact of the FCC's proposal to change the rules regarding cable set top boxes on small, independent, and multicultural media programmers and content providers. We ask that the GAO research how the FCC's proposal will affect the economic viability of these programmers and future

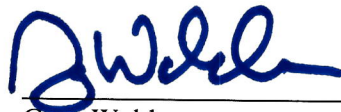
investments in the creation of quality diverse and independent programming and how the proposed set top box rules could impact small and multicultural media programmers and the resulting availability of diverse programming for all communities, including but not limited to:

- the ability of small and multicultural media programmers and content providers in negotiating licensing agreements to set distribution terms, including advertising, channel placement, on-demand replays, etc.;
- the value of diverse programming and the ability of diverse and independent networks serving communities to find an audience, survive and thrive in the market place; and
- channel placement, profile, promotion, content protection, subscription revenue, advertising revenue, and the ability to make future investments in quality multicultural programming


While this list is not meant to be exhaustive, it is critical that there be a thorough examination of the implications of these and other potential harm to small and medium-sized businesses that may not be able to recover from a radical shift in content distribution.

If you have any questions about this request, please have your staff contact Wendy D. Anderson, Chief of Staff for Rep. Yvette Clarke at (202) 225-6231 or Grace Koh and David Redl, staff for the House Committee on Energy and Commerce at (202) 225-2927.

Sincerely,



Greg Walden
Chairman
Subcommittee on Communications
and Technology


Yvette D. Clarke
Member